

2013 DRAFTING REQUEST

Bill

Received: **1/5/2013** Received By: **rchampag**
Wanted: **Soon** Same as LRB:
For: **Administration-Budget** By/Representing: **Waterman**
May Contact: Drafter: **rchampag**
Subject: **Employ Pub - employee benefits** Addl. Drafters:
Extra Copies:

Submit via email: **YES**
Requester's email:
Carbon copy (CC) to:

Pre Topic:

DOA:.....Waterman, BB0347 -

Topic:

State Employee Health Savings Accounts

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rchampag 1/5/2013			_____			
/1	rchampag 1/18/2013	wjackson 1/8/2013	rschluet 1/8/2013	_____	mbarman 1/8/2013		State
/2	rchampag 1/28/2013	wjackson 1/18/2013	phenry 1/21/2013	_____	sbasford 1/21/2013		State
/3	rchampag	wjackson	rschluet	_____	srose		State

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/5	rchampag 2/6/2013	wjackson 2/5/2013	jfrantze 2/5/2013	_____ _____	lparisi 2/5/2013		State
/6	rchampag 2/8/2013	wjackson 2/6/2013	rschluet 2/6/2013	_____ _____	srose 2/6/2013		State
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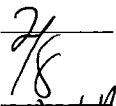
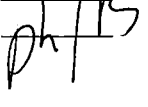
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1-7 WJ 2/8

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Handwritten signature and initials
2610

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15 WJ 2/5 *[Signature]* *[Signature]*

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1/4 WJ 2/1 2/3 ph

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/?	rchampag	1 w/ 1/7		==			

FE Sent For:

<END>

Champagne, Rick

From: Hanaman, Cathlene
Sent: Friday, January 04, 2013 11:42 AM
To: Champagne, Rick
Subject: FW: Statutory Language Drafting Request - BB0347

From: mickie.waterman@wisconsin.gov [mailto:mickie.waterman@wisconsin.gov]
Sent: Friday, January 04, 2013 11:35 AM
To: Hanaman, Cathlene
Cc: Kraus, Jennifer - DOA; Waterman, Mickie D - DOA; Thornton, Scott - DOA
Subject: Statutory Language Drafting Request - BB0347

Biennial Budget: 2013-15

DOA Tracking Code: BB0347

Topic: High Deductible Health Plan

SBO Team: GGCF

SBO Analyst: Waterman, Mickie D - DOA
Phone: (608) 266-3382
E-mail: mickie.waterman@wisconsin.gov

Agency Acronym: ETF

Agency Number: 515

Priority: Medium

Intent:

Require the Group Insurance Board to offer a High Deductible Health Plan to state employees. (It would be an optional plan, beginning in CY15)

Attachments: False

Please send completed drafts to statlanguage@wisapps.wi.gov



D-Note
State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1024/1

RAC:/:....

WLj

DOA:.....Waterman, BB0347 - State Employee Health Savings Accounts

FOR 2013-2015 BUDGET - NOT READY FOR INTRODUCTION

Do Not Gen

1 **AN ACT ...; relating to: the budget.**

Analysis by the Legislative Reference Bureau

✓ RETIREMENT AND GROUP INSURANCE

(GIB) State employees receive health insurance through plans offered by the Group Insurance Board. This bill requires ~~the board~~ *(GIB)* beginning on January 1, 2015, to offer a health care coverage option that consists of a high-deductible health insurance plan and a health savings account. Federal law authorizes the establishment of health savings accounts, under which individuals and their employers may make tax-exempt contributions that can be used for the payment of medical expenses. Annual contribution limits are set by federal law. As a condition of establishing a health savings account, an individual must be covered under a high-deductible health insurance plan. The specific requirements of the high-deductible plans are set in federal law, but generally require the payment of deductibles and certain out-of-pocket expenses before an individual's medical services are covered under the plan. The bill also requires the state to make contributions into an employee's health savings account in an amount determined annually by the ~~Director~~ of the Office of State Employment Relations. *(SET)*

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.921 (1) (a) 6. of the statutes is created to read:

2 20.921 (1) (a) 6. Payment into a health savings account established for that
3 officer or employee under s. 40.51 (6) (b).✓

4 **SECTION 2.** 40.03 (2) (ig) of the statutes is amended to read:

5 40.03 (2) (ig) Shall promulgate, with the approval of the group insurance board,
6 all rules required for the administration of the group health, long-term care, income
7 continuation or life insurance plans established under subchs. IV to VI and health
8 savings accounts under subch. IV.✓

History: 1981 c. 96 ss. 24, 32; 1981 c. 386; 1983 a. 247; 1985 a. 20; 1985 a. 332 ss. 53, 251 (1); 1987 a. 356; 1989 a. 31, 166, 323; 1991 a. 116, 141, 152, 269; 1993 a. 16; 1995 a. 302, 414; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 33; 2005 s. 25, 153; 2007 a. 20 s. 9121 (6) (a); 2007 a. 131; 2011 a. 10, 32, 258.

9 **SECTION 3.** 40.03 (6) (k) of the statutes is created to read:

10 40.03 (6) (k) Shall establish health savings accounts, as described in 26 USC
11 223, for state employees who select a high-deductible health plan under s. 40.51 (6)
12 (b) for their health care coverage plan.✓

13 **SECTION 4.** 40.05 (4) (ah) of the statutes is amended to read:

14 40.05 (4) (ah) Annually, the director of the office of state employment relations
15 shall establish the amount that employees are required to pay for health insurance
16 premiums in accordance with the maximum employer payments under par. (ag) and
17 shall determine the amount of contributions, if any, that the state must contribute
18 into an employee's health savings account under s. 40.51 (6) (b).✓

History: 1981 c. 96, 274, 278, 386; 1983 a. 9 s. 6; 1983 a. 27, 30; 1983 a. 46 ss. 2 to 4, 7; 1983 a. 140; 1983 a. 141 ss. 7 to 12, 20; 1983 a. 290, 504, 538; 1985 a. 29, 119, 135, 225; 1987 a. 27, 83, 107, 309, 356, 363; 1987 a. 403 s. 256; 1989 a. 13, 14, 31, 119, 122, 166, 182, 189, 230, 336, 355, 359; 1991 a. 32, 39, 107, 113, 141, 152, 189, 269; 1995 a. 27, 81, 88, 89, 240, 302; 1997 a. 35, 58, 149; 1999 a. 9, 11, 13, 104; 2001 a. 16; 2003 a. 33 ss. 1004 to 1015, 9160; 2003 a. 69, 117; 2005 a. 22, 153; 2007 a. 20, 131, 200, 226; 2009 a. 15, 28; 2011 a. 10, 32; s. 13.92 (2) (i).

19 **SECTION 5.** 40.51 (6) of the statutes is renumbered 40.51 (6) (a) and amended

20 to read:

21 40.51 (6) (a) This state shall offer to all of its employees at least 2 insured or
22 uninsured health care coverage plans providing substantially equivalent hospital
23 and medical benefits, including a health maintenance organization or a preferred

1 provider plan, if those health care plans are determined by the group insurance
2 board to be available in the area of the place of employment and are approved by the
3 group insurance board. The group insurance board shall place each of the plans
4 offered under this paragraph into one of 3 tiers established in accordance with
5 standards adopted by the group insurance board. The tiers shall be separated
6 according to the employee's share of premium costs.

History: 1981 c. 96; 1983 a. 27; 1985 a. 29; 1987 a. 27, 107, 356; 1987 a. 403 s. 256; 1989 a. 31, 93, 121, 129, 182, 201, 336, 359; 1991 a. 39, 70, 113, 152, 269, 315, 1993 a. 450, 481; 1995 a. 289; 1997 a. 27, 155, 202, 237, 252; 1999 a. 32, 95, 115, 155; 2001 a. 16, 38, 104; 2003 a. 33; 2005 a. 194; 2007 a. 36; 2009 a. 14, 28, 146, 218, 346; 2011 a. 10, 32, 133, 260.

7 **SECTION 6.** 40.51 (6) (b) of the statutes is created to read:

8 40.51 (6) (b) In addition to the health care coverage plans offered under par.
9 (a), beginning on January 1, 2015, the state shall ^o~~also~~ offer to all of its employees the
10 option of receiving health care coverage through a high-deductible health plan and
11 the establishment of a health savings account, as described in 26 USC 223. Under
12 this option, the state shall provide each employee with health care coverage through
13 a high-deductible health plan and, annually, ^W~~shall~~ make contributions into each ¹⁰⁰⁰⁰⁰~~(STET)~~
14 employee's health savings account in an amount specified by the director of the office
15 of state employment relations under s. 40.05 (4) (ah).[✓]

16 (END)

NOTE

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1024/1dn

RAC:../...

W/Lj

Date

Mickie Waterman:

For the purpose of this draft, I had the OSER director determine the state's contribution into employee health savings accounts, as the director currently does for determining the employer premium amounts for health insurance coverage. Let me know if you would like a different mechanism and I will redraft.

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1024/1dn
RAC:wlj:rs

January 8, 2013

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E-mail: rick.champagne@legis.wisconsin.gov

Per Jenny & Mickel,

All insurers & providers that have
agreement to provide health insurance
to state employees have to also
offer a high-deductible
health insurance plan. But
only if feasible or practicable



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1024/1
RAC:wlj:rs

2
STAYS
RMK

DOA:.....Waterman, BB0347 - State Employee Health Savings Accounts

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

puw ✓

Do Not Gen

1 AN ACT...; relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

State employees receive health insurance through plans offered by the Group Insurance Board (GIB). This bill requires GIB, beginning on January 1, 2015, to offer a health care coverage option that consists of a high-deductible health insurance plan and a health savings account. Federal law authorizes the establishment of health savings accounts, under which individuals and their employers may make tax-exempt contributions that can be used for the payment of medical expenses. Federal law sets annual contribution limits. As a condition of establishing a health savings account, an individual must be covered under a high-deductible health insurance plan. The specific requirements of the high-deductible plans are set in federal law, but generally require the payment of deductibles and certain out-of-pocket expenses before an individual's medical services are covered under the plan. The bill also requires the state to make contributions into an employee's health savings account in an amount determined annually by the Director of the Office of State Employment Relations.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

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2 20.921 (1) (a) 6. Payment into a health savings account established for that
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9 the establishment of a health savings account, as described in 26 USC 223. Under
10 this option, the state shall provide each employee with health care coverage through
11 a high-deductible health plan and, annually, shall make contributions into each
12 employee's health savings account in an amount specified by the director of the office
13 of state employment relations under s. 40.05 (4) (ah).

14

(END)

Insert 3-14 ✓

**2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1024/2ins
RAC:wlj:rs

Insert 3-14:

SECTION ~~4~~ 40.51 (6) (c) of the statutes is created to read:

40.51 **(6) (c)** Beginning on January 1, 2015, to the extent practicable, any agreement with any insurer or provider to provide health care coverage to state employees shall require the insurer or provider to offer a high-deductible health plan that may be used in conjunction with a health savings account, as described in 26 USC 223. ✓



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1024/2

RAC:wlj:ph

stays RMR

DOA:.....Waterman, BB0347 – State Employee Health Savings Accounts

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SECTION 1. 20.921 (1) (a) 6. of the statutes is created to read:

20.921 (1) (a) 6. Payment into a health savings account established for that officer or employee under s. ~~40.51 (6) (b)~~ 40.515

SECTION 2. 40.03 (2) (ig) of the statutes is amended to read:

40.03 (2) (ig) Shall promulgate, with the approval of the group insurance board, all rules required for the administration of the group health, long-term care, income continuation or life insurance plans established under subchs. IV to VI and health savings accounts under subch. IV.

SECTION 3. 40.03 (6) (k) of the statutes is created to read:

40.03 (6) (k) Shall establish health savings accounts, ~~as described in 26 USC~~ for state employees who select a high-deductible health plan under s. ~~40.51 (6)~~ 40.515 ~~(b)~~ for their health care coverage plan.

SECTION 4. 40.05 (4) (ah) of the statutes is amended to read:

40.05 (4) (ah) Annually, the director of the office of state employment relations shall establish the amount that employees are required to pay for health insurance premiums in accordance with the maximum employer payments under par. (ag) and shall determine the amount of contributions, if any, that the state must contribute into an employee's health savings account under s. ~~40.51 (6) (b)~~ 40.515

SECTION 5. 40.51 (6) of the statutes is renumbered 40.51 (6) (a) and amended to read:

~~40.51 (6) (a) This state shall offer to all of its employees at least 2 insured or uninsured health care coverage plans providing substantially equivalent hospital and medical benefits, including a health maintenance organization or a preferred provider plan, if those health care plans are determined by the group insurance board to be available in the area of the place of employment and are approved by the~~

1 group insurance board. The group insurance board shall place each of the plans
2 offered under this paragraph into one of 3 tiers established in accordance with
3 standards adopted by the group insurance board. The tiers shall be separated
4 according to the employee's share of premium costs.

5 **SECTION 6.** 40.51 (6) (b) of the statutes is created to read:

6 40.51 (6) (b) In addition to the health care coverage plans offered under par.
7 (a), beginning on January 1, 2015, the state shall offer to all of its employees the
8 option of receiving health care coverage through a high-deductible health plan and
9 the establishment of a health savings account, as described in 26 USC 223. Under
10 this option, the state shall provide each employee with health care coverage through
11 a high-deductible health plan and, annually, shall make contributions into each
12 employee's health savings account in an amount specified by the director of the office
13 of state employment relations under s. 40.05 (4) (ah).

14 **SECTION 7.** 40.51 (6) (c) of the statutes is created to read:

15 40.51 (6) (c) Beginning on January 1, 2015, to the extent practicable, any
16 agreement with any insurer or provider to provide health care coverage to state
17 employees shall require the insurer or provider to offer a high-deductible health
18 plan that may be used in conjunction with a health savings account, as described in
19 26 USC 223.

(END)

20

Insert
3-20 ✓

**2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1024/3ins
RAC:wlj:ph

Insert 2-1:

SECTION ~~4~~ 20.515 (1) (tm) of the statutes is created to read:

20.515 (1) (tm) *Health savings account plan*. All moneys deposited in the public employee trust fund relating to the establishment and operation of health savings accounts under s. 40.515 to be used for the payment of expenses relating to ~~the~~^e health savings accounts.

→ Note: bud

Insert 2-4:

SECTION ~~4~~ 40.02 (37m) of the statutes is created to read:

40.02 (37m) "Health savings account" means a health savings account described in 26 USC 223. ✓

Insert 2-13:

SECTION ~~4~~ 40.04 (12) of the statutes is created to read:

40.04 (12) The department shall establish and maintain separate health savings accounts in the fund to which shall be credited all moneys received from employees and employers in connection with each health savings account and from which moneys shall be paid for allowable expenses under a health savings account.

Insert 3-20:

SECTION ~~4~~ 40.515 of the statutes is created to read:

40.515 Health savings accounts. (1) In addition to the health care coverage plans offered under s. 40.51 (6), ✓ beginning on January 1, 2015, the group insurance board shall offer to all state employees the option of receiving health care coverage through a high-deductible health plan and the establishment of a health savings

account. Under this option, each employee shall receive health care coverage through a high-deductible health plan. The state shall make contributions into each employee's health savings account in an amount specified by the director of the office of state employment relations under s. 40.05 (4) (ah).[✓] In designing a high-deductible health plan, the group insurance board shall ensure that the plan may be used in conjunction with a health savings account.

(2) The group insurance board may contract with any person to provide administrative ^{services} ~~services~~ relating to ^e ~~a~~ health savings accounts established under this section^o

(3) The group insurance board may collect fees from state agencies to pay all administrative costs relating to the establishment and operation of health savings accounts established under this section.[✓] The group insurance board shall develop a methodology for determining each state agency's share of the administrative costs. Moneys collected under this subsection shall be credited to the appropriation account under s. 20.515 (1) (tm).[✓]

(4) Beginning on January 1, 2015, to the extent practicable, any agreement with any insurer or provider to provide health care coverage to state employees under s. 40.51 (6) shall require the insurer or provider to also offer a high-deductible health plan that may be used in conjunction with a health savings account.

Champagne, Rick

From: Kraus, Jennifer - DOA <jennifer.kraus@wisconsin.gov>
Sent: Wednesday, January 30, 2013 11:29 AM
To: Champagne, Rick
Cc: Waterman, Mickie D - DOA
Subject: FW: High Deductible Health Plan & Tiering

Let's leave as you have it....it provides the most flexibility

From: Waterman, Mickie D - DOA
Sent: Wednesday, January 30, 2013 8:42 AM
To: Kraus, Jennifer - DOA
Subject: FW: High Deductible Health Plan & Tiering

What do you think?

From: Champagne, Rick [<mailto:Rick.Champagne@legis.wisconsin.gov>]
Sent: Wednesday, January 30, 2013 8:39 AM
To: Waterman, Mickie D - DOA
Subject: RE: High Deductible Health Plan & Tiering

I saw it as outside of the tiers and hence there would be flexibility in terms of determining the employer share of the premium. Let me know if you want a 4th tier and want the 88% cap to apply.

From: Waterman, Mickie D - DOA [<mailto:Mickie.Waterman@wisconsin.gov>]
Sent: Wednesday, January 30, 2013 8:36 AM
To: Champagne, Rick
Subject: High Deductible Health Plan & Tiering

Hi Rick,

How does the high deductible health plan fit into the tiering structure? Do we need edits to 40.51(6) where it specifies that there are 3 tiers? Would the high deductible be a 4th tier?

Thanks,
Mickie

Mickie Waterman
Executive Policy and Budget Analyst
Wisconsin Department of Administration
(608) 266-3382

Per Mickel

- Tweak S. 40.04 (12) to make
clear that ETF doesn't maintain
each HSA -- just an
account for total HSA
contribution. Third party
will handle individual accounts.